AKM GLOBAL

Indirect Tax Digest

Legislative Updates: July 2026

Goods and Service Tax

CIRCULARS

Order No. 156/2026 & F.No. ADM-ADMI/40/2026-AR-PRGSTAT-601[1]	The GSTAT has introduced a token generation facility for taxpayers and tax authorities facing technical or portal-related difficulties in filing appeals before the Tribunal. The taxpayers seeking to file appeals against orders communicated before 1st May 2026, and the Department/tax authorities seeking to file appeals against orders passed before 1st February 2026, can generate an electronic token on or before 31st July 2026. Once the token is generated, the respective appeals shall be filed within a period of 60 days from the date of token generation. A separate token is required for each appeal or application and the facility is available to persons having a GSTIN, Temporary ID, UIN or TDS registration number.
256/02/2026-GST[2]	The CBIC vide this circular has prescribed a uniform procedure for filing departmental appeals before the GSTAT against appellate orders arising from Orders-in-Original passed by Common Adjudicating Authority (CAA) in DGGI cases. The circular clarifies the roles of the concerned authorities in the review and appeal process and provides that separate appeals shall be filed before the GSTAT benches having territorial jurisdiction over each taxpayer and prescribes a coordination mechanism between the concerned field formations.

GSTIN ADVISORY

GSTIN Advisory[3]	GSTN vide this advisory has kept in abeyance the implementation of the proposed e-way Bill system enhancements that were earlier scheduled to come into effect from 1st August, 2026. Accordingly, the advisories dated 9th June 2026 and 17th June 2026 along with the FAQ's issued on 2nd July 2026 stand withdrawn until further notice.

[1] Dated 10th July 2026 | [2] Dated 25th July 2026 | [3] Dated 30th July 2026

JUDICIAL UPDATES

M/s. Bhandari Scrap Traders v. Union of India & Ors. [Special Leave to Appeal (C) No. 23931/2026 WITH SLP(C) No. 24088/2026, SLP(C) No. 24103/2026], 2026 (7) TMI 1839- Supreme Court Order

Issue:

- Whether Section 16(2)(c) of CGST Act, 2017 which makes Input Tax Credit ("ITC") conditional upon payment of tax by the supplier is unconstitutional or liable to be read down.
- Whether a Bonafide purchaser can avail ITC despite the supplier's failure to deposit tax.

Ratio:

- The Hon'ble Supreme Court affirmed and upheld the Gujarat High Court's judgment in *Bhandari Scrap Traders v. Union of India & Ors., 2026 (5) TMI 127- Gujarat High Court,* holding that no grounds were made out to declare Section 16(2)(c) of the CGST Act as unconstitutional or to read down its provisions.
- The Hon'ble Court held that the GST regime is materially different from the erstwhile Delhi VAT framework, as it provides for reversal and subsequent re-availment of ITC once the supplier discharges the tax liability under the statutory scheme.
- Accordingly, it was held that constitutionality of Sectio 16(2)(c) cannot be challenged solely on the ground of bona fide conduct of purchasing dealer.

M/s. Clear Secured Service Private Limited v. The Assistant Commissioner, [No.- WP No. 23402 of 2026 and WMP. Nos. 25362 & 25363 of 2026], 2026 (7) TMI 1668- Madras High Court

Issue:

- Whether ITC can be be denied solely on the ground that the supplier was subsequently declared non-existent, despite the recipient furnishing documents supporting the genuineness of the supplies.
- Whether the tax authorities are required to duly consider documents such as tax invoices, bank statements, e-way bills, ledgers and GSTR 2A/2B before rejecting an ITC claim.
- Whether an assessment order passed under Section 74 of the CGST Act can be sustained where the SCN referred to proceedings under Section 73.

Ratio:

- The Hon'ble Madras High Court held that although the burden of establishing entitlement to ITC lies on the taxpayer, the documents furnished in support of the claim must be duly considered by the tax authorities.
- The Hon'ble Court held that ITC cannot be denied solely because the supplier was subsequently declared non-existent, particularly where the taxpayer had furnished tax invoices, bank statements, e-way bills, ledgers and GSTR 2A/2B returns as evidence of the transactions.
- Where the documents furnished by the taxpayer are considered insufficient, the taxpayer must be provided a reasonable opportunity to furnish additional documents before the ITC claim is rejected.
- The Hon'ble Court also noted that while the SCN referred to proceedings under Section 73, the assessment order was passed under Section 74. Accordingly, the assessment order was set aside and the matter was remanded for fresh consideration after providing a reasonable opportunity of hearing to the taxpayer.

M/s. Keuhne Nagel Pvt. Ltd. & Anr. v. The Union of India & Ors., 2026 (7) TMI 575- Gujarat High Court

Issue:

- Whether the GST authorities can deny interest under Section 56 of the CGST Act by treating a refund application filed pursuant to a High Court direction as a fresh application, where the taxpayer's original refund application had been illegally refused.
- Whether the original refund application date remains relevant for computing interest where the subsequent refund application was filed only as a consequence of the Hon'ble Court's setting aside the earlier refusal.

Ratio:

- The Hon'ble Gujarat High Court held that once the Department's refusal to process the original refund application was held illegal, the subsequent application filed pursuant to the Court's directions could not be treated as a fresh claim for determining the period of interest.
- The subsequent application was merely a procedural consequence of the earlier illegal action and could not deprive the taxpayer of its statutory interest entitlement under Section 56 of the CGST Act.
- Accordingly, the authorities were directed to reconsider the interest claim with reference to the date of the original refund application, rather than the date of the subsequent application.
- The orders denying interest were set aside to that extent, and the authorities were directed to pass appropriate orders on the interest claim within 12 weeks.

M/s. GVK Jaipur Expressway Pvt. Ltd. v. Deputy Commissioner of State Tax, [No.- D. B. Civil Writ Petition No. 4011/2026], 2026 (7) TMI 1254- Rajasthan High Court

Issue:

- Whether a writ petition challenging a GST demand order is maintainable where the taxpayer failed to avail the statutory appellate remedy under Section 107 of the CGST/RGST Act within the prescribed time.
- Whether uploading a GST order on the common GST portal constitutes valid communication where the taxpayer had ceased business activities in the State but continued to hold a valid GST registration.
- Whether failure to access the GST portal and consequently not responding to the SCN or attending the personal hearing amounts to violation of the principles of natural justice.

Ratio:

- The Hon'ble Rajasthan High Court held that the taxpayer had an efficacious statutory remedy of appeal under Section 107 of the CGST/RGST Act against the impugned order but failed to avail the same within the prescribed period and approached the Hon'ble Court almost 21 months after expiry of the appeal period.
- The Hon'ble Court rejected the taxpayer's contention that cessation of business activities in the State meant that it was not required to regularly access the GST portal. Since the taxpayer continued to hold a valid GST registration, uploading of the order on the common GST portal could not be disregarded as a mode of communication.

- The Hon'ble Court further held that there was no violation of the principles of natural justice, as the taxpayer had been issued a SCN and was also provided an opportunity of personal hearing, but neither a reply was filed nor was the hearing attended.
- Accordingly, in the absence of any cogent reason for not pursuing the statutory remedy within time or any exceptional circumstance warranting exercise of writ jurisdiction, the Hon'ble Court declined to interfere with the demand order and dismissed the writ petition without examining the merits of the demand.

M/s. Mohammed Kamran vs. The Senior Intelligence Officer DGGI & Ors., [No.- Writ Petition No. 38771 of 2025 (GM - RES)], 2026 (7) TMI 581- Karnataka High Court

Issue:

- Whether proceedings initiated by the Central GST authorities were liable to be quashed on the ground of parallel proceedings under Section 6(2)(b) of the CGST Act, 2017, where the State GST authorities had already initiated an inquiry concerning overlapping facts.
- Whether the arrest of the petitioner under Section 69 of the CGST Act, 2017 was illegal in the absence of sufficient grounds and safeguards, so as to invalidate the consequential proceedings.

Ratio:

- The Hon'ble Court held that the bar against parallel proceedings under Section 6(2)(b) of the CGST Act applies only where proceedings initiated by different authorities concern the same subject-matter, i.e., the same liability or alleged offence. Mere overlap of facts or an ongoing inquiry does not, by itself, bar proceedings by another jurisdictional authority.
- Since the inquiry initially undertaken by the State GST authorities had subsequently been transferred to the Central GST authorities, the proceedings initiated by the Central GST authorities could not be challenged as impermissible parallel proceedings.
- The Hon'ble Court further held that arrest under Section 69 of the CGST Act must be based on recorded "reasons to believe" supported by material indicating commission of a cognizable and non-bailable offence under Section 132. Arrest cannot be made as a routine measure and must satisfy the statutory safeguards.
- In the present case, the arrest memo and grounds of arrest were furnished to and acknowledged by the petitioner. The material on record indicated non-cooperation, obstruction and attempted destruction of evidence in connection with a large-scale fake ITC investigation, thereby establishing the necessity for custodial interrogation.
- Accordingly, Hon'ble the Court found the arrest to be in accordance with law and declined to interfere with either the GST proceedings or the consequential action taken by the authorities.

M/s. WFB Baird & Co. v. The State Tax Officer I, [No.- WP Nos. 24237 & 24239 of 2026 & WMP Nos. 26376 & 26378 of 2026], 2026 (7) TMI 707- Madras High Court

Issue:

- Whether proceedings for reversal of excess ITC could be initiated and concluded under Section 74 of the CGST Act, 2017 in the absence of any allegation of fraud, wilful misstatement or suppression of facts with intent to evade tax.
- Whether comparison of ITC claimed in GSTR-3B with the ITC available in GSTR-2A, without any allegation of fraud or wilful misstatement, warrants invocation of Section 74 instead of Section 73 of the CGST Act.

- Whether rejection of the taxpayer's application under Section 128A, on the ground that the demand order was passed under Section 74, would survive where the proceedings are subsequently held to be properly covered under Section 73.

Ratio:

- The Hon'ble Madras High Court held that the SCN was issued under Section 73 and merely compared the ITC claimed in GSTR-3B with the ITC available in GSTR-2A, calling upon the taxpayer to explain the excess ITC claimed.
- The Hon'ble Court observed that neither the SCN nor the detailed assessment order contained any express or implied allegation of fraud, wilful misstatement or suppression of facts with intent to evade tax, which are essential for invoking Section 74.
- Accordingly, in terms of Section 75(2) of the CGST Act, the proceedings ought to have been initiated and concluded under Section 73 and not under Section 74. The assessment order was therefore set aside and the matter was remanded for issuance of a fresh order under Section 73.
- Consequently, the order rejecting the taxpayer's application under Section 128A was also set aside, with liberty to the taxpayer to file a fresh application under Section 128A after issuance of the fresh order under Section 73, subject to the prescribed time limit

M/s. Ganit Shipping (OPC) Private Limited v. State of West Bengal & Ors., [No.- WPA 11985 of 2026], 2026 (7) TMI 754- Calcutta High Court

Issue:

- Whether cancellation of GST registration solely on account of non-filing of returns under Section 39 of the CGST/WBGST Act, 2017 can be set aside where the taxpayer is willing to regularise the default by filing all pending returns and paying the applicable tax, interest, penalty and fine.
- Whether continued cancellation of GST registration, in the absence of any allegation of tax evasion or dubious conduct, would be counterproductive to the interests of revenue.

Ratio:

- The Hon'ble Calcutta High Court observed that the GST registration of the petitioners had been cancelled solely on the ground of non-filing of returns under Section 39 of the CGST/WBGST Act, 2017 and there was no allegation that the petitioners had adopted any dubious process for evading tax.
- The Hon'ble Court held that continued suspension or cancellation of registration in such circumstances would be counterproductive and against the interest of revenue, as the taxpayer would be unable to carry on business or raise tax invoices, which would ultimately affect recovery of tax.
- Accordingly, the Hon'ble Court adopted a pragmatic approach and set aside the cancellation order, subject to the condition that the petitioners file all pending returns for the entire period of default and pay the applicable tax, interest, penalty and fine.
- The respondents were further directed to activate the petitioners' GST portal and login credentials within specified time to enable the petitioners to file the pending returns and discharge the applicable dues.
- It was clarified that failure to comply with the prescribed conditions within the stipulated period would result in the benefit of the order not being available to the petitioners and the writ petition would stand automatically dismissed

M/s. Ashish Kumar Pati v. Godrej Tyson Foods Limited, [No.- APL/4/THN/2026, APL/5/THN/2026 & APL/6/THN/2026], 2026 (7) TMI 1904- GSTAT Thane

Issue:

- Whether printing the manufacturer's corporate name and address on frozen chicken packages, pursuant to statutory FSSAI and Legal Metrology requirements, amounts to use of a "brand name" so as to deny exemption under Notification No. 02/2017-CT(R).
- Whether frozen chicken cuts supplied exclusively to institutional consumers qualify for exemption after the introduction of the "pre-packaged and labelled" condition.

Ratio:

- The Hon'ble GSTAT held that printing the manufacturer's name and address as a statutory declaration under food-safety and legal-metrology laws does not amount to affixing a "brand name". Such declarations are intended for statutory compliance, traceability and safety and cannot be equated with voluntary branding.
- Relying, inter-alia on *M/s.Tarai Foods Ltd. v. CCE and RDB Textiles Ltd. v. CCE*, the Hon'ble Tribunal held that mandatory statutory declarations cannot by themselves establish a commercial connection with a brand.
- The Hon'ble Tribunal further held that the brand name appearing on invoices could not make the physical goods branded, since the exemption condition applies to the goods and their packaging. The relevant brand logos had already been removed from the packages.
- For the period after 18.07.2022, the Hon'ble Tribunal held that packages supplied to institutional consumers do not constitute "pre-packaged commodities" meant for retail sale under Rule 3 of the Legal Metrology (Packaged Commodities) Rules, 2011. Hence, such supplies did not fall within the amended taxable category of "pre-packaged and labelled" goods.
- The Hon'ble Tribunal further relied upon *M/s. Narasus Sarathy Enterprises Pvt. Ltd. v. AC, GST & CE*, wherein the Madras High Court held that a corporate name printed pursuant to FSSAI/Legal Metrology requirements does not constitute a brand name for denying exemption under Notification No. 02/2017-CT(R).
- Accordingly, the Hon'ble Tribunal upheld the appellate order granting exemption and dismissed the Revenue's appeals, thereby sustaining the dropping of the demand of tax, interest and penalty.

M/s. Gaurav Jain & Anr. v. Joint Commissioner (Appeals-II) CGST Delhi Zone & Anr., 2026 (8) TMI 85- Delhi High Court

Issue:

- Whether the substituted proviso to Section 107(6) of the CGST Act, 2017 effective from 01.10.2025 requiring a pre-deposit of 10% of the penalty for filing an appeal against a penalty only order applies where the SCN initiating adjudication was issued prior to the amendment, but the adjudication order was passed thereafter.
- Whether the right to appeal, including the conditions governing its exercise, is a vested substantive right that crystallises upon commencement of adjudicatory proceedings.
- Whether the Appellate Authority possesses any power to waive or relax the statutory pre-deposit prescribed under Section 107(6) of the CGST Act, 2017.

Ratio:

- The right of appeal is a substantive vested right which accrues upon commencement of the lis i.e., when adjudicatory proceedings are initiated by issuance of SCN and includes the entire Appellate framework and conditions prevailing on that date.
- A subsequent amendment introducing a more onerous pre-deposit condition cannot be applied to proceedings already initiated unless the amending statute expressly or by necessary implication provides for retrospective application. Since the Finance Act, 2025 contained no such indication, the substituted proviso to Section 107(6) of the CGST Act, 2017 operates prospectively.
- Consequently, where a SCN proposing penalty under Section 122(1A) of the CGST Act, 2017 was issued prior to 01.10.2025, the appeal would be governed by the unamended Section 107(6) of the CGST Act, 2017, and the appellant cannot be compelled to deposit 10% of the disputed penalty as a pre-condition for filing the appeal.
- The Appellate Authority, being a creature of statute, has no inherent or equitable power to waive or reduce a statutory pre-deposit where such requirement is otherwise applicable. However, in the present case, the issue of waiver did not arise as the amended pre-deposit provision itself was held to be inapplicable.

M/s. Barua and Co. v. State of West Bengal & Anr., [W.P.A. 960 of 2026], 2026 (7) TMI 1838- Calcutta High Court

Issue:

- Whether uploading SCN and adjudication order in the "*Additional Notices and Orders*" tab of the GST portal constitutes valid communication under the CGST Act/WBST Act, 2017
- Whether an adjudication order passed without specifying the date, time and venue of personal hearing violates Section 73 and 75(4) of the CGST/WBST Act, 2017.

Ratio:

- Uploading notices and orders only in the "Additional Notices and Orders" tab does not constitute sufficient communication for proceedings under Section 73 of the CGST/WBGST Act, 2017.
- Where an adverse decision is contemplated, grant of personal hearing under Section 75(4) is mandatory. Failure to specify the date, time and venue of such hearing renders the adjudication contrary to the Principles of Natural Justice.

Foreign Trade Policy

TRADE NOTICE

11/2026-2027[4]	The DGFT has enabled electronic filing and issuance of Preferential Certificate of Origin (eCOO) under the India-UK CETA through the Trade Connect ePlatform with effect from 15th July 2026. The eCOO facility is available through both self-declaration by exporters and issuance through authorised agencies. The Trade Notice prescribes the procedure for generation, authentication and verification of eCoO, including mandatory DSC requirements for self-declared CoOs and QR code-based electronic certificates for verification.

[4] Dated 13th July 2026

Customs

NOTIFICATION

Notification No. 62/2026- Customs (N.T.)[5]	The Central Government has notified the Customs Tariff (Determination of Origin of Goods under Comprehensive Economic and Trade Agreement between India and the United Kingdom) Rules, 2026 prescribing the Rules of Origin for claiming preferential tariff benefits under the India-UK CETA. The Rules lay down the origin criteria, documentary requirements and verification procedure for determining the eligibility of imported goods for preferential treatment and came into force from 15th July 2026.

CIRCULAR

33/2026-Customs[6]	The CBIC has implemented the self-certification framework under the India–UK CETA, allowing UK exporters/producers to issue Origin Declarations for claiming preferential tariff benefits in India. The Circular prescribes the authentication process, generation of Unique Reference Number (URN) for use in Bills of Entry and clarifies that authentication only confirms genuineness of the declaration and does not independently establish the originating status of goods. The Origin Declarations shall remain valid for 12 months and may be used for eligible warehoused goods.

PUBLIC NOTICE

Public Notice No. 15/2026[7]	The CBIC has clarified that valid test reports issued by NABL-accredited laboratories, Export Promotion Council (EPC) recognised laboratories or other recognised agencies may be accepted for export consignments without mandatory referral of samples to the Central Revenue Control Laboratory (CRCL), provided there is no risk-based intervention or specific intelligence. The clarification aims to facilitate exports and avoid duplication of testing. The existing procedure for testing of import consignments remains unchanged.

[5] Dated 3rd July 2026 | [6] Dated 13th July 2026 | [7] Dated 16th July 2026

JUDICIAL UPDATES

The Commissioner of Customs Port Kolkata v. M/s. Gemini Metal Corporation, [No. CUSTA/30/2026 IA NO: GA/1/2026, GA/2/2026], 2026 (7) TMI 1953- Calcutta High Court

Issue:

- Whether an appeal under Section 130 of the Customs Act, 1962 is maintainable before the Hon'ble High Court against a CESTAT order involving under-valuation and misdeclaration of imported goods, i.e., issues relating to the value of goods for assessment.

Ratio:

- An appeal under Section 130 of the Customs Act, 1962 is not maintainable before the Hon'ble High Court where the Tribunal's order relates to the determination of the value of goods for assessment.
- Such matters fall within the exclusive appellate jurisdiction of the Hon'ble Supreme Court under Section 130E of the Customs Act, 1962.
- Accordingly, the Departmental appeal was dismissed as not maintainable, leaving the Department to pursue the statutory remedy before the Hon'ble Supreme Court.

M/s. Mono Steel (India) Ltd. & Anr. v. Union Of India, [No.- R/Special Civil Application No. 10346 Of 2012 With R/Special Civil Application No. 16153 Of 2012 With R/Special Civil Application No. 17012 Of 2012], 2026 (8) TMI 116- Gujarat High Court

Issue:

- Whether a CBIC circular withdrawing exemption from additional customs duty on imported ore concentrates can be applied retrospectively to recover duty for imports made prior to the issuance of the circular.

Ratio:

- Relying on the Hon'ble Supreme Court's decision in *Suchitra Components Ltd., 2007 (1) TMI 4- Supreme Court and Mysore Electricals Industries Ltd., 2006 (11) TMI 202- Supreme Court*, the Hon'ble Gujarat High Court held that a beneficial circular operates retrospectively, whereas an oppressive circular imposing an additional burden on the assessee operates prospectively.
- Since the Impugned circular restricted the scope of the existing exemption and imposed an additional customs duty liability, it could not be applied retrospectively to imports made prior to its issuance.
- Accordingly, the SCN seeking retrospective recovery of additional customs duty were quashed.

Central Excise/Service Tax/ Value Added Tax

NOTIFICATION

38/2026-Central Excise[8]	The Notification dated 15.07.2026 amends Notification No. 06/2026 dated 26.03.2026 to revise the applicable rates of Special Additional Excise Duty (SAED) on specified petroleum products. It substitutes the existing entries by prescribing of Rs. 2.5 per litre for petrol and Rs. 15.5 per litre for diesel, effective from 16th July 2026.

JUDICIAL UPDATES

M/s. Sampark Industries Limited v. Commissioner of Central Goods and Services Tax, [No.- Central Excise Appeal No. - 19 of 2026], 2026 (7) TMI 1938- Allahabad High Court

Issue:

- Whether the CESTAT could validly dispose of an appeal ex parte without issuing a fresh notice of hearing, where the notified hearing could not take place due to the non-availability of the two-Member Bench.

Ratio:

- Where the notified hearing does not take place due to the non-sitting of the Hon'ble Bench, the Hon'ble Tribunal is required to issue a fresh notice of the next date of hearing in terms of Rule 18 of the CESTAT (Procedure) Rules, 1982.
- The requirement of fresh notice cannot be dispensed with merely by relying upon weekly cause lists or the Tribunal's public notice, as no judicial order fixing the adjourned date had been passed or uploaded.
- Accordingly, the ex parte order was set aside for violation of the principles of natural justice, and the matter was remanded to the Tribunal for fresh adjudication after affording due opportunity of hearing.

[8] Dated 15th July 2026

Indirect Tax News Flash

The Indian Express (1st July 2026)	• June GST collections at Rs 1.95 lakh crore, import revenue jumps 35%
Business Today (13th July 2026)	• CBIC releases procedure for self-certification of origin declarations for India-UK treaty
The Economic Times (15th July 2026, 22nd July 2026)	• GSTAT token mechanism safeguards appeal rights, but experts warn legal ambiguity could trigger fresh litigation • Centralised GST administration can cut duplicate audits, compliance costs; Centre State jurisdiction key, say experts
Money Control (30th July 2026)	• GST fraud crackdown: AI helps govt detect Rs 74,782 crore of fake Input Tax Credit claims in FY26

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